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Government
Publications

7

CO-OPERATIVES IN ONTARIO

Incorporating a Co-operative With Share Capital

CO-OPERATIVE PUBLICATIONS

These materials to help set up and run your co-op are available free of charge from Co-operative Development Services:

- *Guide to Setting up a Co-operative* covers the basic steps to start a co-operative.
- *Incorporating a Co-operative* contains brief step-by-step instructions on how to incorporate a co-operative, as well as all the forms you need.
- *Filing Requirements and Record Keeping* outlines the information about your co-op that you should send to the Ministry of Finance, such as financial statements and offering statements. This guide also describes the records that the Co-operative Corporations Act requires co-ops to keep.
- *Legal Requirements* describes how co-ops can ensure they comply with the Co-operative Corporations Act. It describes such things as how to pass by-laws, and directors' legal responsibilities.
- *Guide to Government Programs* describes over 60 Ontario government programs for which co-ops are eligible. Each program description contains the name of a contact person or office you can use to find out more about the program.

Co-operative Development Services staff are available to answer your questions and explain government programs and services for co-ops. You can call or write us at:

Co-operative Development Services
Ministry of Finance
250 Yonge Street, 30th Floor
Toronto ON M5B 2N7
Tel: (416) 326-9301
Fax: (416) 326-9313



(CE DOCUMENT EST DISPONIBLE EN FRANÇAIS)

INCORPORATING A CO-OPERATIVE IN ONTARIO WITH SHARE CAPITAL

What's in this Package?

This package contains the information and the forms you need to incorporate a co-operative with share capital.

These include:

- ☐ Articles of Incorporation for a Co-operative with Share Capital (Form 1, two copies)
- ☐ Affidavit of Verification
- ☐ Consent to Act as First Director (Form 3)

Samples of completed forms can be found beginning on page 15 of this manual.

You should also refer to the Co-operative Corporations Act and the Regulations. In June 1994, important changes were made to the Act. These changes are contained in Bill 160. Amendments to the Regulations were made in May 1995. You may order these by calling toll free, from Toronto: 326-5300; from other communities: 1-800-668-9938; from area code 807: ask the operator for Zenith 67200.

If you have any questions, please contact the Ministry of Finance's Co-operative Development Services at (416) 326-9301 (fax: 326-9313).

Completed documents in duplicate and
fees must be sent to:

Co-operative Development Services
Ministry of Finance
250 Yonge Street, 30th Floor
Toronto ON M5B 2N7

June 1995

(Ce document est disponible en français.)

GLOSSARY

Affidavit of verification:

A legal form to confirm who the **incorporators** are, their age, and their plan to join the co-op.

Articles of incorporation:

These are the basic legal framework for your co-operative. They set out such things as its name, capital structure, and head office address. Articles of incorporation can be seen as your co-op's "constitution" .

Assets:

Anything a co-op owns which has commercial or exchange value: property, accounts receivable, etc.

By-laws:

Rules set by a co-op on how it will manage its business, elect its board of **directors**, and hold meetings.

Debenture:

Paper issued by a co-op stating the terms of a loan, including when it's due and the rate of interest. The loan is usually long term and not guaranteed by the co-op's **assets**.

Deponent:

Someone who gives evidence under oath. Evidence given under oath is called a deposition.

Director:

A person elected by the **members** to represent them on the board of directors. Directors set broad guidelines on how the co-op will run, and hire and supervise managers or co-ordinators.

Dissolution:

The process of closing down a legally incorporated co-operative. Voluntary dissolution must be agreed upon by a majority vote at a general meeting with a majority of the **members** present.

Dividends:

The part of a co-op's surplus which is distributed to shareholders each year.

Share dividends are distributed according to the number of **shares** a person owns.

Cumulative dividends are dividends which, if not paid when due, accumulate until the co-op is able to pay them.

Non-cumulative dividends do not accumulate in this way. If a co-op does not pay a non-cumulative dividend when it's due, shareholders have no right to receive it later.

Incorporation:

The process people follow to form a co-operative. Incorporating allows you to use the word "co-op" in your name and gives legal status to your co-op. Usually, the members of an incorporated co-op are not personally liable for the co-op's debts or actions.

Incorporators:

The people who create a new co-operative. They legally incorporate the co-op, recruit its first **members**, and appoint its first **directors**.

Initial Notice/Notice of Change:

Form that a co-op must send to the Ministry of Consumer and Commercial Relations within 60 days of incorporation or within 15 days of any changes to information previously sent (e.g. change of the co-op's address).

Member loans:

Loans to a co-op which are a condition of joining the co-op.

Member:

Anyone who meets a co-op's membership requirements, has been approved by its Board of **Directors**, and has bought a membership share.

Multi-stakeholder co-operative:

A type of co-op in which control is shared among various stakeholder groups. Members who share a common interest or live in a defined area may form stakeholder groups in this kind of co-op.

Offering Statement:

Gives people interested in investing in a co-op the information they need to make an informed decision. The offering statement informs prospective investors about the risks involved in purchasing the co-op's **securities**. It also includes, for example, a description of how the co-op will use the money it raises, a description of its business, the names and positions of its directors and officers, how the co-op will finance its operations, and its current financial statements.

Officer:

The main officers of a co-op are the Chair of the Board, President, Vice-President, Treasurer, Secretary, and General Manager.

Redeem:

Action taken by a co-op to buy back **shares** it has sold to its investors.

Membership shares are generally redeemed (bought back) when a **member** leaves a co-op.

Preference shares are redeemed (bought back) only as described in the share conditions of the articles and offering statement.

Securities:

Paper which proves a share in the ownership of a co-op (**shares**) or which proves a debt of a co-op (**member loans**, etc...)

Securities include membership and preference **shares**, **member loans**, **bonds**, **debentures**, and other evidence of a debt.

Shares:

A share is evidence of part of the total capital of a co-operative. Shareholders invest their money in a co-op to be able to benefit from its services or to enjoy some of its surplus (profits). As in other businesses, co-op shares are not secured by any assets and are therefore risk investments. When a co-op dissolves, its shareholders may lose their investment.

Each *class* of shares has specific features. These may include the right to vote, the right to be paid a certain **dividend**, the right to be paid **dividends** before other shareholders, or the right to be repaid before other shareholders when the co-op is dissolved.

Shares: (cont'd)

Par value shares are shares with a fixed value, which is stated in the articles of incorporation, offering statement, and the share certificate. All co-op shares are par value. As long as a co-op is financially able to redeem its shares, par value shares are worth their original price. Co-ops can now redeem preference shares above or below par value if they have provided for this in their articles.

Membership shares may be held only by members of a co-op and give their holders the right to share in a co-op's surplus, but only after holders of debentures and preference shares have been paid. When a co-op dissolves, holders of membership shares get the value of their investment *after* all the co-op's creditors and the owners of preference shares have been paid.

Preference shares give their holders certain rights which holders of membership shares do not have. These may include the right to be paid a fixed percentage **dividend** before holders of membership shares. Preference shareholders do not have the right to vote on co-op matters except those affecting their shares' rights.

With share capital:

A co-op *with share capital* raises money by issuing and selling **shares** to its **members** and other people who may want to invest in the co-op. Co-ops incorporated with share capital may also borrow money and issue other forms of debt, such as **debentures**, to members and non-members.

Without share capital:

A co-op *without share capital* raises money by accepting loans from, or issuing other forms of debt (**debentures**) to, **members** and non-members.

How do you Incorporate a Co-operative with Share Capital?

To incorporate a co-operative with share capital, you need to send Co-operative Development Services (Ministry of Finance):

- ☐ Proof of a Newly Updated Automated Name Search, or NUANS report
- ☐ A cheque or money order for \$15 to reserve the name you have chosen (This is in addition to the incorporation fee noted below.)
- ☐ Articles of incorporation
Form 1: co-operatives with share capital (2 original copies)
- ☐ Affidavit of verification (2 original copies)
- ☐ Form 3: consent to act as a first director (if your co-operative has directors who are not incorporators)
- ☐ A cheque or money order for \$285.

Cheques and money orders should be made payable to the Minister of Finance.

We suggest that you send Co-operative Development Services a draft of your articles of incorporation. We will look over your draft articles and help you make any changes needed to comply with the Co-operative Corporations Act. In preparing the draft, please use photocopies of the forms included in this package; reserve the enclosed forms for your final copy.

After we have reviewed your articles of incorporation, we will send you a certificate of incorporation, which shows your co-operative is legally incorporated.

Once you receive your certificate of incorporation, you have 60 days to register your co-op with the Ministry of Consumer and Commercial Relations by filing an "Initial Notice" form. This form includes basic information about your co-op, including its name, date of incorporation, address of its head office, and the names and addresses of its directors and officers. The Ministry of Finance will send this form along with your certificate of incorporation.

☐ **STEP 1. The NUANS (Name Search) Report**

Before you incorporate, you have to do a name search (NUANS) to be sure your co-operative does not use a name the same as, or similar to, that of another business operating in Canada. You should not send in articles of incorporation until the Ministry has accepted your name. This means you won't have to send new articles of incorporation if your name is refused.

A name search must be done by a professional search house. You can find a list of these firms in the yellow pages of your telephone book under the heading Searchers of Records. Prices charged for this service may vary, so we suggest you contact several search houses before choosing one.

You should send the Ministry of Finance the **original NUANS report as proof of your name search**, along with a **cheque or money order for \$15**, to reserve the name you have chosen. Once the Ministry has approved your name, you have 90 days to send in your incorporation documents. It's a good idea to submit your completed articles of incorporation as soon as your name is approved.

☐ **STEP 2. Articles of Incorporation**

To incorporate a co-op, you must fill out **Articles of Incorporation** and send them to the Ministry of Finance. You will find two copies of articles of incorporation and detailed instructions on how to fill them out beginning on page 15 of this guide .

Together with the Co-operative Corporations Act, the articles of incorporation provide the basic legal framework for your co-op. They set out its purpose and how it will finance itself. Articles of incorporation can be seen as the "constitution" of your co-op.

The legal procedure for changing your articles of incorporation requires you to file Articles of Amendment with the Ministry of Finance. Each time you file these documents, you must complete an Affidavit of Verification signed by a Notary Public and pay \$100.

In comparison, changing the **by-laws** of your co-op is simpler and does not require you to file documents with the Ministry or pay a fee. In order to avoid filing Articles of Amendment with the Ministry of Finance, most of the basic rules of your co-op should be in its by-laws, rather than in its articles.

These rules would include, for example, membership conditions and how elections work.

It's a good idea to contact an association of co-operatives for advice on what should be included in your by-laws. You will find a list of co-op associations on page 11.

Articles of incorporation include:

- the name and location of the co-operative, as well as the names, addresses, and signatures of the incorporators;

Note: Worker co-operatives may be incorporated by three or more individuals who are at least 18 years of age. All other co-operatives must have at least five incorporators. These incorporators may be individuals who are at least 18 years of age or corporations, including other co-ops.

- the number of directors of the co-operative;
- how the co-op finances itself: by selling shares, accepting loans, or charging membership fees;
- the rights and privileges of the shares, or the terms and conditions of the loans;
- any special restrictions or provisions which apply to your co-op.

Since your co-operative will be raising money by selling shares, you should fill out **Form 1: Articles of Incorporation for a Co-operative With Share Capital**. You must send the Ministry two copies (8 1/2" by 11" paper) of your articles of incorporation . Both copies must have original signatures. **Photocopies of signatures cannot be accepted.**

☐ **STEP 3. Affidavit of Verification**

Once you have completed your articles of incorporation, fill out the **Affidavit of Verification** . The Affidavit is a legal form which confirms who the incorporators are, their age (they must be at least 18), and that they will be members of the co-op.

You will find instructions on how to fill out the affidavit on page 25 of this guide . The affidavit must then be signed by a notary public or a commissioner of oaths. Two original copies of the **Affidavit of Verification** have to be sent in with your co-op's articles.

An Affidavit of Verification form is included in this guide.

☐ **STEP 4. Consent to Act as a First Director**

The incorporators are the people who set up a new co-operative. They do not have to be the first directors of the co-op. If your co-op has directors who are not incorporators, each of them must complete **Form 3: Consent to Act as a First Director**. This form must also be signed by a notary public or commissioner of oaths.

Form 3 confirms that a person who is not an incorporator has agreed to assume the legal obligations of a director.

You will find a copy of **Form 3** at the end of this guide .

CO-OPERATIVE ORGANIZATIONS

The following co-operative organizations may be able to offer your group help in starting your co-op:

Canadian Co-operative Association (Ontario)

252 Bloor Street West, Room 7-200
Toronto, ON M5S 1V6
Phone: (416) 923-0938
Fax: (416) 923-5227

Conseil de la Coopération de l'Ontario a/s Conseil Canadien de la Coopération

450 Rideau Street, 3rd Floor
Ottawa ON K1N 5Z4
Phone: (613) 789-7777, ext. 393
Fax: (613) 789-0743

1870 Bond Street
North Bay ON P1B 4V6
Phone: (705) 474-5634, ext. 142
Fax: (705) 474-5326

Food Co-ops

Ontario Federation of Food
Co-operatives and Clubs Inc.
(Ontario Natural Foods Co-op)
22 Mowat Avenue
Toronto ON M6K 3J3
Phone: (416) 533-7989
Fax: (416) 533-0719

Student Co-ops

North American Students of
Co-operation, c/o
Canadian Co-operative Association,
Ontario Region
252 Bloor Street West, Room 7-200
Toronto ON M5S 1V6
Phone: (416) 923-0938
Fax: (416) 923-5227

Housing Co-ops

Co-operative Housing Association of
Ontario
2 Berkeley Street, Suite 207
Toronto, ON M5A 2W3
Phone: (416) 366-1711
Fax: (416) 366-3876

Child Care Co-ops

Organization for Parent Participation
in Child Care and Education
Ontario
121 Nelson Street
Alliston ON L9R 1H4
Phone: (705) 435-6549

Worker Co-ops

Ontario Worker Co-op Federation
815 Danforth Avenue, Suite 407
Toronto ON M4J 1L2
Phone: (416) 462-9969
Fax: (416) 462-0350

YOU WILL FIND TWO COPIES OF FORM 1:
ARTICLES OF INCORPORATION FOR A CO-OPERATIVE
WITH SHARE CAPITAL
AT THE END OF THIS GUIDE

FORM 1

ARTICLES OF INCORPORATION FOR A CO-OPERATIVE WITH SHARE CAPITAL

INSTRUCTIONS

These instructions will help you fill out **Form 1, Articles of Incorporation for a Co-operative with Share Capital**. If you need more assistance, please call (416) 326-9301.

1. The name of the co-operative is:

The name must include the word "Co-operative" in full and must end with "Incorporated", "Corporation", "Limited", "Inc.", "Corp.", or "Ltd."

Make sure you have done a name search and the name has been approved by the Ministry of Finance before you submit Form 1 (see step 1, p.8).

Sample

1. The name of the co-operative is:

ABC Co-operative Inc.

2. The head office is at the:

Show whether the co-op is located in a village, town, city, or township and name that municipality, as well as the county or district of Ontario.

Sample

2. The head office is at the:

City
(Status of the Municipality)

of/
Barrie
(Name of Municipality)

in the/
County
(County, District, or Regional Municipality)

of/
Simcoe
(Name of County, District, or Regional Municipality)

3. The address of the head office is:

Give the full mailing address of the co-op's head office. You cannot use a post office box number.

Sample

3. The address of the head office is:	
<u>123 John Street</u> (Street & Number or R.R. Number, if Multi-Office Building give Room No.)	
<u>Barrie, Ontario</u> (Name of Municipality or Post Office)	<u>A1B 2C3</u> (Postal Code)

4. The number (or minimum and maximum number) of directors is:

There must be at least three directors. However, your co-operative may need more. You should decide the fewest and most directors your co-operative might need and enter this range here. You will set the actual number of directors in your by-laws.

Sample

4. The number (or minimum and maximum number) of directors is:
a minimum of three (3) and a maximum of ten (10).

5. The number (or minimum and maximum number) of directors each stakeholder group in a multi-stakeholder co-operative may elect is:

In a multi-stakeholder co-op, each stakeholder group has to elect at least one director to represent it. In this section, you should give the number of directors each stakeholder group may elect. Instead of a number, you may also set a range for the number of directors each stakeholder group may elect. If your co-op is not a multi-stakeholder co-op, indicate "not applicable". For more information about multi-stakeholder co-ops, please contact Co-operative Development Services and ask for a copy of the *Guide to Setting up a Co-operative*.

Sample

5. The number (or minimum and maximum number) of directors each stakeholder group may elect is:

Stakeholder Group A: a minimum of two (2) and a maximum of five (5)

Stakeholder Group B: a minimum of two (2) and a maximum of five (5)

Stakeholder Group C: one (1)

6. The first directors are:

Fill in the full names, including middle names (no initials), and the complete addresses of all directors. Please do not use post office box numbers. You also have to indicate if the first directors are resident Canadians. Any directors who are not incorporators must complete Form 3, **Consent to Act as a First Director** (see step 4, page 10).

Sample

6. The first directors are:

Name in full including all given names	Residence Address, giving Street and Number or R.R. Number and Municipality or Post Office	Resident Canadian State Yes or No
John Richard Doe	#10 - 2nd Avenue, Barrie ON A1B 2C3	Yes

7. Restrictions, if any, on the business the co-operative may carry on or on the powers the co-operative may exercise:

Except as limited by the Co-operative Corporations Act, co-operatives have the powers of a natural person. This means co-ops can exercise the same legal powers as individuals. Such powers include the capacity to sue and be sued, as well as to sign contracts and other legal documents in the name of the co-op. If you choose to restrict these powers, you should list the restrictions here. If you would not like to state any restrictions, simply write "None" in this section of the articles.

Sample

7. Restrictions, if any, on the business the co-operative may carry on or on the powers the co-operative may exercise:

- the co-operative may not do any business that is not directly or indirectly related to providing marketing services for agricultural products.

8. The authorized capital for each class of share is:

The authorized capital for each class of share is the most money your co-operative may raise by selling that type or class of share. All co-operatives that are incorporating with share capital have to issue membership shares. You may set the authorized capital for membership shares at a specific amount or make it unlimited. The authorized capital for any class of preference shares has to be set at a specific amount. The price of each membership or preference share has to be a multiple of \$1, up to a maximum of \$100.

The total amount of authorized capital should be based on the planned size of your co-op once it is fully developed. It should not be confused with the amount allowed by a specific offering statement.

If your co-operative grows more than you expected and needs more capital, the authorized capital can be increased by a special resolution. A special resolution is a resolution that has been passed by the board of directors and approved by at least two-thirds of the members voting at a members' meeting. You must also change your articles of incorporation by filing Articles of Amendment with the Ministry of Finance for this change to take legal effect.

Sample

8. The authorized capital for each class of share is:

\$2,000,000 total capital made up of:

- **\$1,000,000 in Membership Shares at a par value of \$100 each, for a total of 10,000 Membership Shares;**
- **\$1,000,000 in Preference Shares divided into:**
 - **\$500,000 in Class A Preference Shares at a par value of \$100 each, for a total of 5,000 Class A Preference Shares, and**
 - **\$500,000 in Class B Preference Shares at a par value of \$50 each, for a total of 10,000 Class B Preference Shares.**

9. The designations, preferences, rights, conditions, restrictions, limitations, or prohibitions attaching to the preference shares, if any, are:

A co-operative may sell one or more classes of preference shares with specific preferences, rights, or restrictions. If your co-op will be issuing

preference shares, be sure to describe all their rights and main characteristics here. For example, describe:

- The annual dividend rate on the shares. Include in your description such information as whether the share pays a cumulative or non-cumulative dividend, and any priority over any other class of shares in the payment of dividends.
- Whether or not shareholders have the right to require the co-op to redeem their shares and how this can be done.
- Whether or not shareholders have the right to transfer ownership of the shares to other persons and how shareholders may do so.
- Whether or not the co-op has the right to buy back a particular class of shares without the shareholders' consent.

Recent changes to the Co-operative Corporations Act have removed the cap on the dividend that may be paid on preference shares. The dividend that may be paid on membership shares remains capped at the prime interest rate of a financial institution named in your co-op's by-laws plus two percent. If you would like to find out more about the different rights and features your co-op may want to give to its preference shares, please contact Co-operative Development Services and ask for a copy of the *Guide to Setting up a Co-operative*.

Sample

9. The designations, preferences, rights, conditions, restrictions, limitations, or prohibitions attaching to the preference shares, if any, are:

CLASS A PREFERENCE SHARES:

Dividend: Holders of Class A Preference Shares are entitled to receive an annual cumulative dividend of 5% in priority to any dividend being paid on Class B Preference Shares and Membership Shares and in priority to any distribution of patronage returns.

Redemption: Holders of Class A Preference Shares may require the co-operative to redeem their shares by giving the co-operative six months written notice.

The co-operative may redeem all or any part of the Class A Preference shares without the consent of the holders by giving the holder six months written notice of its intention to redeem their shares.

Redemption Price: The redemption price of Class A Preference Shares is equal to their par value plus any accrued unpaid dividends.

.../continued on next page

Other Rights:	<p>Class A Preference shareholders have the right to receive notice of and attend members' meetings.</p> <p>Class A Preference Shares do not give the holder any voting rights in the co-operative.</p> <p>On dissolution or winding up of the co-operative, Class A Preference shareholders are entitled to receive, in priority to holders of Class B Preference Shares and Membership Shares, an amount equal to the redemption price of Class A Preference Shares plus any accumulated but unpaid dividends. Holders of Class A Preference shares have no further right to the co-operative's property.</p> <p>None of the rights, privileges, and conditions attaching to Class A Preference Shares may be deleted or changed without the prior approval of two-thirds of the votes cast by Class A Preference shareholders at a meeting of the shareholders called for that purpose.</p>
Notice:	<p>All notices which Class A Preference shareholders are entitled to receive shall be by regular letter post. It is the responsibility of shareholders to ensure that the co-operative is advised of any changes of address.</p>

10. The restrictions on the allotment, issue or transfer of shares are:

By law, the membership shares of a co-operative may not be transferred from one person to another without the approval of the board of directors or a person authorized by the board. Co-ops may want to put restrictions on the sale or transfer of their preference shares. If so, describe all such restrictions here.

Sample

10. The restrictions on the allotment, issue or transfer of shares are:

Preference Shares may be purchased only by members of the co-operative.

Preference Shares may not be transferred without the prior approval of the co-operative's board of directors.

No member shall hold more than "x" Preference Shares without the consent of the directors.

11. The classes of membership, if any, are:

Under the Co-operative Corporations Act, every member of a co-op has the right to vote and run for election to the board of directors. However, a co-op may have different classes of membership with different types of involvement with the co-op. For example, a consumer co-op may distinguish between consumer members and employee members, or

between members who buy retail and those who buy wholesale. If your co-op has more than one class of members, please list the classes here.

If your co-op has only one class of members, you should indicate "not applicable".

Sample

11. The classes of membership, if any, are:

Three classes of membership:

Consumer members

Farmer members

Corporate members

12. The terms and conditions attaching to each class of membership are:

Indicate the **general** conditions members have to satisfy to belong to a specific class of membership; detailed terms and conditions should be included in your co-op's by-laws.

Sample

12. The terms and conditions attaching to each class of membership are:

Consumer members:	Members of this class purchase goods and services from the co-op for personal consumption.
Farmer members:	Members of this class operate farms and supply the co-op with agricultural products.
Corporate members:	Members of this class purchase the co-op's goods and services for commercial purposes.

13. The stakeholder groups, if any, are:

Under the Co-operative Corporations Act, every member of a co-op has the right to vote and run for election to the board of directors. However, some co-ops may require members to belong to a specific stakeholder group, depending on the kind of involvement members may have with the co-op.

For example, if your co-op processes and markets apple products, it may have two stakeholder groups: farmers and processing plant workers. In this example, members of each stakeholder group play a different role in

the co-op's business: farmers supply the co-op with apples and the processing plant workers process, pack, and ship apple products.

If this were your co-op you would list the three stakeholder groups in this section. Multi-stakeholder co-ops must have at least two stakeholder groups. If your co-op is not a multi-stakeholder co-op, you should indicate "not applicable".

Sample

13. The stakeholder groups, if any, are:

The co-operative has two stakeholder groups:

Apple farmers' stakeholder group

Processing plant workers' stakeholder group

14. The terms and conditions for membership in each stakeholder group are:

Indicate the general conditions for membership in each stakeholder group; detailed terms and conditions should be included in your co-op's by-laws.

Sample

14. The terms and conditions for membership in each stakeholder group are:

Apple farmers'
stakeholder group:

Members of this stakeholder group must supply the co-op with at least 25 percent of their annual apple production.

Processing plant
workers' stakeholder
group:

Members of this stakeholder group must be employed in the co-op's processing plant.

15. Special provisions, if any, are:

If your co-op is a worker co-op or a multi-stakeholder co-op, you have to include the appropriate provisions in this section. These provisions are stated, respectively, in the first two samples of this section. The third sample in this section gives an example of special provisions that may apply to any co-op with share capital.

The special provisions section may also cover other key features that are unique to your co-op, such as stating procedures for disposing of assets when the co-operative dissolves.

Sample 1 (FOR WORKER CO-OPS)

15. Special provisions, if any, are:

1. The primary object of the co-operative is to provide employment to its members.
2. It is a condition of membership that, except in circumstances prescribed by the regulations under the Co-operative Corporations Act, a member must be employed by the co-operative.

Sample 2 (FOR MULTI-STAKEHOLDER CO-OPS)

15. Special provisions, if any, are:

The co-operative is a multi-stakeholder co-operative for the purposes of the Co-operative Corporations Act.

Sample 3

15. Special provisions, if any, are:

Upon dissolution and after the payment of all debts and liabilities, the co-operative's remaining assets shall be distributed among the members in proportion to the patronage returns accrued to members during the five fiscal years prior to dissolution.

16. The shares to be taken by the incorporators are:

List the full names, including middle names (no initials) of the incorporators, the number of shares they are buying, the class of these shares, and the total amount to be paid for them. **Worker co-operatives must have at least three (3) incorporators. All other co-operatives must have at least five (5) incorporators. Please note that every incorporator must buy at least one (1) membership share to ensure they are members of the co-op.**

Sample

16. The shares to be taken by the incorporators are:

Incorporators' full names, including all given names	Number of Shares	Class Designation	Amount to be paid
John Richard Doe	Five (5)	Membership	\$500

17. The names and residential addresses of the incorporators are:

Fill in the full names, including middle names (no initials), and complete home addresses of all the incorporators. Please do not use post office box numbers.

Sample

17. The names and residential addresses of the incorporators are:	
Full names, including all given names)	Full Residential Address, giving Street and Number or R.R. Number and Municipality or Post Office
John Richard Doe	#10 - 2nd Avenue, Barrie ON A1B 2C3

These articles are signed in duplicate

The original signatures of all incorporators must appear here. Photocopied signatures cannot be accepted.

Signatures of incorporators:

SAMPLE AFFIDAVIT OF VERIFICATION

INSTRUCTIONS

Once you have completed your Articles of Incorporation, one of the incorporators must fill out an **Affidavit of Verification** to confirm the identity of each incorporator, their age (at least 18), and their membership in the co-op. When completed, the Affidavit of Verification must be signed by a notary public or a commissioner of oaths. Two original copies of the **Affidavit of Verification** have to be sent in with your co-op's articles.

Sample

Province of Ontario/

County _____ of Simcoe
(County, District or Regional Municipality) (Name of County or District)

To wit/ ABC Co-operative Inc.
(Name of Co-operative)

I, John Doe of the/ city
(Full Name of Deponent) (Status of the Municipality)

of/ Barrie in the/ County
(Name of Municipality) (County, District or Regional Municipality)

of/ Simcoe in the/ Province
(Name of County, District or Regional Municipality) (Province)

of/ Ontario
(Name of Province)

make oath and say that:

1. I am
one of the incorporators

of
ABC Co-operative Inc.
and have personal knowledge of the matters
herein deposed to.

2. Each of the incorporators who is a natural person signing the accompanying Articles of Incorporation in duplicate and each of the first directors named therein is of eighteen or more years of age.

3. The signatures of the incorporators affixed to the articles are their true signatures.

4. Each incorporator signing the accompanying Articles of Incorporation in duplicate is to be a member of the co-operative.

/Sworn before me at the/ City
of/ Barrie in the/ County
of/ Simcoe
this 1st day of January 1995

(Signature of Deponent)

(Signature of Commissioner, or Notary Public)

LIST OF FORMS ENCLOSED

- Articles of Incorporation for a Co-operative with Share Capital (Form 1, two copies)
- Affidavit of Verification
- Consent to Act as First Director (Form 3)

For Ministry Use Only
À l'usage exclusif du ministère

Ontario Corporation Number
Numéro de la compagnie en Ontario

Co-operative Corporations Act/*Loi sur les sociétés coopératives*

Articles of Incorporation of a Co-operative With Share Capital
Statuts constitutifs d'une coopérative avec capital social

1. The name of the co-operative is: *La dénomination sociale de la coopérative est:*

2. The head office is at the: *Le siège social est situé dans la:*

(Status of Municipality)/(Statut de la municipalité)
of _____ de

(Name of Municipality)/(Nom de la municipalité)
in the _____ dans le

(County, etc. or District)/(Comté, etc. ou district)
of _____ de

(Name of County, etc., or District)/(Nom du comté, etc. ou du district)

3. The address of the head office is: *L'adresse du siège social est:*

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro ou numéro de la r.r. et s'il s'agit d'un immeuble à bureaux, indiquer le numéro du bureau)

(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

(Postal Code)
(Code postal)

4. The number (or minimum and maximum number) of directors is:

Le nombre (ou nombre minimal et maximal) d'administrateurs est:

5. The number (or minimum and maximum number) of directors each stakeholder group in a multi-stakeholder co-operative may elect is:

Le nombre (ou nombre minimal et maximal) d'administrateurs que chaque groupement dans le cas d'une coopérative composée de partenaires multiples peut élire est:

6. The first directors are:

Les premiers administrateurs sont:

Name in full, including
all given names
*Nom de famille y compris
tous les prénoms*

Residential address, giving street and number
or R.R. number and municipality or post office
*Adresse personnelle, y compris la rue et le
numéro, ou le numéro de la r.r. et la municipalité
ou le bureau de poste*

Resident Canadian
State Yes or No
Résident Canadien
Indique «oui» ou
«non»

7. Restrictions, if any, on the business the co-operative may carry on or on powers the co-operative may exercise:

Restrictions imposées, le cas échéant, aux activités que la coopérative peut entreprendre ou aux pouvoirs qu'elle peut exercer:

8. The authorized capital for each class of share is:

Le capital social autorisé de chaque catégorie de parts sociaux est:

9. The designations, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares, if any, are:

Les désignations, privilèges, droits, conditions, restrictions, limitations, ou interdictions, rattachés aux parts sociaux privilégiées, le cas échéant, sont:

10. The restrictions on the allotment, issue or transfer of shares are:

Les restrictions portant sur l'attribution, l'émission ou le transfert des parts sociales sont:

11. The classes of membership, if any, are:

Les catégories de membres, le cas échéant, sont:

12. The terms and conditions attaching to each class of membership are:

Les conditions applicable à chaque catégorie de membres sont:

13. The stakeholder groups, if any, are:

Les groupements de partenaires, le cas échéant, sont:

14. The terms and conditions for membership in each stakeholder group are:

Les conditions d'adhésion à chaque groupement de partenaires sont:

Les dispositions spéciales, le cas échéant, sont:

16. The shares to be taken by the incorporators are:

Les parts sociales à prendre par les fondateurs sont:

Incorporators full names, including all given names <i>Noms de famille des fondateurs y compris tous les prénoms</i>	Number of Shares <i>Nombre de parts sociales</i>	Class/Designation <i>Désignation/ Catégorie</i>	Amount to be Paid <i>Montant à payer</i>

17. The names and residential addresses of the incorporators are:

Les noms et adresses personnelles des fondateurs sont:

Full names, including
all given names
*Noms de famille y
compris tous les prénoms*

Full residential address, giving street and number or R.R. number and
municipality or post office
*Adresse personnelle, y compris la rue et le numéro ou le numéro de
la r.r. et la municipalité ou le bureau de poste*

These articles are signed in duplicate.

*Les présents statuts sont signés en double
exemplaires.*

Signatures of Incorporators
Signatures des fondateurs

AFFIDAVIT OF VERIFICATION/ATTESTATION

Province of Ontario/Province de l'Ontario

of/de _____
(County or District) (Name of County or District)
(Comté ou district) (Nom du comté ou district)

To wit/à savoir:

in the matter of the Co-operative Corporations
Act, and the Articles of Incorporation of/
En ce qui concerne la Loi sur les sociétés
coopératives et les statuts constitutifs de

(Name of Co-operative)/
(Raison Sociale de la coopérative)

I,
Je soussigné, _____
(Full Name of Deponent)
(Nom et prénoms du déposant)

of the/
de la _____
(Status of Municipality)
(Statut de la municipalité)

of,
de, _____
(Name of Municipality)
(Nom de la municipalité)

in the/
dans le _____
(County or District)
(Comté ou district)

of,
de, _____
(Name of County or District)
(Nom du comté ou du district)

in the/
dans le(l') _____
(Province or State)
(Province ou État)

of,
de(du) _____
(Name of Province or State)
(Nom de la province ou de l'État)

make oath and say that:

déclare sous serment ce qui suit:

1. I am

Je suis:

of de

and have personal knowledge of the matters
herein deposed to.

et j'ai une connaissance directe des faits
ci-après attestés.

2. Each of the incorporators who is a natural
person signing the accompanying Articles
of Incorporation in duplicate and each of
the first directors named herein is of
eighteen or more years of age.

Chacun des fondateurs qui est une personne
physique et qui a signé les statuts constitutifs
en double exemplaire de même que chacun des
premiers administrateurs qui y sont désignés
est âgé de dix-huit ans ou plus.

3. The signatures of the incorporators affixed
to the Articles are their true signatures.

La signature de chacun des fondateurs apposée
aux statuts est authentique.

4. Each incorporator signing the accompanying
Articles of Incorporation in duplicate is to
be a member of the Co-operative.

Chacun des fondateurs qui a signé les statuts
constitutifs ci-annexés en double exemplaire
doit être membre de la coopérative.

Sworn before me at the/
Fait sous serment dans la _____
of _____ in the/
de _____ dans le _____
of/
de _____
this _____ day of _____
le _____ 19 _____

(Signature of Deponent)
(Signature du déposant)

(Signature of Commissioner, Notary Public, etc.)/
(Signature du commissaire, du notaire, etc.)

Co-operative Corporations Act/*Loi sur les sociétés coopératives*

Articles of Incorporation of a Co-operative With Share Capital
Statuts constitutifs d'une coopérative avec capital social

1. The name of the co-operative is: *La dénomination sociale de la coopérative est:*

2. The head office is at the: *Le siège social est situé dans la:*

_____ of _____ de
(Status of Municipality)/(Statut de la municipalité)

_____ in the _____ dans le
(Name of Municipality)/(Nom de la municipalité)

_____ of _____ de
(County, etc. or District)/(Comté, etc. ou district)

_____ (Name of County, etc., or District)/(Nom du comté, etc. ou du district)

3. The address of the head office is: *L'adresse du siège social est:*

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro ou numéro de la r.r. et s'il s'agit d'un immeuble à bureaux, indiquer le numéro du bureau)

(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

(Postal Code)
(Code postal)

4. The number (or minimum and maximum number) of directors is:

Le nombre (ou nombre minimal et maximal) d'administrateurs est:

5. The number (or minimum and maximum number) of directors each stakeholder group in a multi-stakeholder co-operative may elect is:

Le nombre (ou nombre minimal et maximal) d'administrateurs que chaque groupement dans le cas d'une coopérative composée de partenaires multiples peut élire est:

6. The first directors are:

Les premiers administrateurs sont:

Name in full, including all given names <i>Nom de famille y compris tous les prénoms</i>	Residential address, giving street and number or R.R. number and municipality or post office <i>Adresse personnelle, y compris la rue et le numéro, ou le numéro de la r.r. et la municipalité ou le bureau de poste</i>	Resident Canadian State Yes or No <i>Résident Canadien Indique «oui» ou «non»</i>

7. Restrictions, if any, on the business the co-operative may carry on or on powers the co-operative may exercise:

Restrictions imposées, le cas échéant, aux activités que la coopérative peut entreprendre ou aux pouvoirs qu'elle peut exercer:

8. The authorized capital for each class of share is:

Le capital social autorisé de chaque catégorie de parts sociaux est:

9. The designations, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares, if any, are:

Les désignations, privilèges, droits, conditions, restrictions, limitations, ou interdictions, rattachés aux parts sociaux privilégiées, le cas échéant, sont:

10. The restrictions on the allotment, issue or transfer of shares are:

Les restrictions portant sur l'attribution, l'émission ou le transfert des parts sociales sont:

11. The classes of membership, if any, are:

Les catégories de membres, le cas échéant, sont:

12. The terms and conditions attaching to each class of membership are:

Les conditions applicable à chaque catégorie de membres sont:

13. The stakeholder groups, if any, are:

Les groupements de partenaires, le cas échéant, sont:

14. The terms and conditions for membership in each stakeholder group are:

Les conditions d'adhésion à chaque groupement de partenaires sont:

17. The names and residential addresses of the incorporators are:

Les noms et adresses personnelles des fondateurs sont:

Full names, including
all given names
*Noms de famille y
compris tous les prénoms*

Full residential address, giving street and number or R.R. number and
municipality or post office
*Adresse personnelle, y compris la rue et le numéro ou le numéro de
la r.r. et la municipalité ou le bureau de poste*

These articles are signed in duplicate.

*Les présents statuts sont signés en double
exemplaires.*

Signatures of Incorporators
Signatures des fondateurs

AFFIDAVIT OF VERIFICATION/ATTESTATION

Province of Ontario/Province de l'Ontario

____ of/de _____
(County or District) (Name of County or District)
(Comté ou district) (Nom du comté ou district)

To wit/à savoir:

in the matter of the Co-operative Corporations
Act, and the Articles of Incorporation of/
En ce qui concerne la Loi sur les sociétés
coopératives et les statuts constitutifs de

(Name of Co-operative)/
(Raison Sociale de la coopérative)

I,
Je soussigné, _____
(Full Name of Deponent)
(Nom et prénoms du déposant)

of the/
de la _____
(Status of Municipality)
(Statut de la municipalité)

of,
de, _____
(Name of Municipality)
(Nom de la municipalité)

in the/
dans le _____
(County or District)
(Comté ou district)

of,
de, _____
(Name of County or District)
(Nom du comté ou du district)

in the/
dans le(l') _____
(Province or State)
(Province ou État)

of,
de(du) _____
(Name of Province or State)
(Nom de la province ou de l'État)

make oath and say that:

déclare sous serment ce qui suit:

1. I am

Je suis:

____ of _____ de _____

and have personal knowledge of the matters
herein deposited to.

et j'ai une connaissance directe des faits
ci-après attestés.

2. Each of the incorporators who is a natural
person signing the accompanying Articles
of Incorporation in duplicate and each of
the first directors named herein is of
eighteen or more years of age.

Chacun des fondateurs qui est une personne
physique et qui a signé les statuts constitutifs
en double exemplaire de même que chacun des
premiers administrateurs qui y sont désignés
est âgé de dix-huit ans ou plus.

3. The signatures of the incorporators affixed
to the Articles are their true signatures.

La signature de chacun des fondateurs apposée
aux statuts est authentique.

4. Each incorporator signing the accompanying
Articles of Incorporation in duplicate is to
be a member of the Co-operative.

Chacun des fondateurs qui a signé les statuts
constitutifs ci-annexés en double exemplaire
doit être membre de la coopérative.

Sworn before me at the/
Fait sous serment dans la _____
of _____ in the/
de _____ dans le _____
of/
de _____
this _____ day of _____
le _____ 19 _____

(Signature of Deponent)
(Signature du déposant)

(Signature of Commissioner, Notary Public, etc.)/
(Signature du commissaire, du notaire, etc.)

Form 3

Co-operative Corporations Act

CONSENT TO ACT AS A FIRST DIRECTOR

I,
(name in full, including all given names)

residing at
(street and number or R.R. number, municipality or post office)

hereby consent to act as a first director of

.....
(name of co-operative)

Dated this day of 19

.....
(signature of witness) (signature of the consenting person)

AFFIDAVIT OF VERIFICATION

PROVINCE OF ONTARIO
..... OF

IN THE MATTER OF THE *CO-OPERATIVE CORPORATIONS ACT* AND THE
ARTICLES OF INCORPORATIONS OF

TO WIT:

.....
(name of co-operative)

I, of the
(full name of witness) (status of municipality)

of in the
(name of municipality) (county or district)

of in the
(name of county or district) (province or state)

of make oath and say that:
(name of province or state)

1. I was personally present and did see

..... sign
(full name of consenting person)

the annexed consent to act as a first director

of
(name of the co-operative)

2. I am subscribing witness to the said consent.

Sworn before me at the

.....

of..... in the.....

of.....this.....day

of..... 19.....

.....

(signature of commissioner, notary public, etc.)

|

.....

(signature of deponent)

3 1761 11546257 4

